

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
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AMEMBASSY LILONGWE
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E.O. 11652: N/A
TAGS: ELAB PINS
SUBJECT: UNIONS DEMAND ACTION ON WAGES

1. THE ZAMBIAN CONGRESS OF TRADE UNIONS (ZCTU) AND THE GOVERNMENT HAVE APPARENTLY AVOIDED, AT LEAST FOR THE TIME BEING, A POTENTIALLY SERIOUS CONFRONTATION OVER THE ZCTU'S DEMANDS FOR WAGE INCREASES. ZCTU CHAIRMAN FREDERICK CHILUBA SPARKED THE CONTROVERSY TWO WEEKS AGO WHEN HE ISSUED A DEMAND THAT THE GOVERNMENT PRODUCE A POVERTY DATUM LINE (POL) FOR THE COUNTRY. CHILUBA CONTENDED THAT A PDL WAS NECESSARY IN ORDER TO ENABLE THE NATION'S UNIONS TO DETERMINE WHETHER CURRENT WAGES WERE SUFFICIENT TO MEET THE INFLATED COST OF LIVING. CHILUBA ALSO ASKED IF THE FIVE PERCENT WAGE-INCREASE CEILING IMPOSED IN 1968 WAS STILL IN EFFECT.

2. SPEAKING FROM THE ZCTU'S HEADQUARTERS IN KITWE, CHILUBA SAID, "I GIVE THE GOVERNMENT UP TO MARCH 15 THIS YEAR TO COME UP WITH THE STATEMENT...OR THE ZCTU WILL SUMMON
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ALL THE TRADE UNIONS TO DISCUSS GENERAL WAGE INCREASES." MANY TOOK CHILUBA'S STAND TO BE AN IMPLICIT THREAT OF A DEMAND FOR ACROSS-THE-BOARD INCREASES IN WAGES AND A POSSIBLE STRIKE CALL IF NOT GRANTED. CHILUBA'S ULTIMATUM WAS CHEERED BY OTHER UNION LEADERS AND EVEN RECEIVED SOME CAUTIOUS SUPPORT BY THE PARTY AND GOVERNMENT-OWNED NEWSPAPERS.

3. THE INITIAL GOVERNMENT REACTION FROM MINISTER OF LABOR
H.D. BANDA WARNED THAT AN INCREASE IN WAGES WOULD ONLY MEAN
THAT MANY WORKERS WOULD LOSE THEIR JOBS BECAUSE MANY COMPANIES
SIMPLY COULD NOT AFFORD TO CONTINUE OPERATIONS IF LABOR
COSTS ROSE. BANDA NOTED THAT NEARLY 23,000 WORKERS HAD BEEN
DECLARED "REDUNDANT" OVER THE PAST THREE YEARS AND A GENERAL
WAGE INCREASE WOULD ACCELERATE THIS TREND AND "COULD RUIN
THE ECONOMY COMPLETELY." THE MINISTER APPEALED TO THE TRADE
UNION LEADERSHIP TO CONTINUE ITS COOPERATION WITH THE PARTY
AND GOVERNMENT, RATHER
THAN RESORTING TO THREATS, AND
SUGGESTED THAT A MEETING BE HELD BY THE TWO SIDES "TO RESOLVE
MATTERS OF MUTUAL INTEREST".

4. A FORMAL INVITATION TO THE ZCTU WAS ISSUED FEBRUARY 15
TO ATTEND A MEETING WITH THE MINISTER OF LABOR AND OFFICIALS
FROM THE LABOR COMMISSION. STILL IN A BELLICOSE MOOD,
THE ZCTU SAID IT WOULD ONLY ATTEND IF THE MINISTER OF
FINANCE WAS ALSO INCLUDED. ZCTU GENERAL SECRETARY NEWSTEAD ZIMBA
SAID THE ORGANIZATION WANTED "TO THRASH OUT THIS PROBLEM
ONCE AND FOR ALL." THE GOVERNMENT AGREED AND THE MEETING
WAS HELD IN LUSAKA FEBRUARY 16.

5. ACCORDING TO REPORTS OF THE MEETING, UNION LEADERSHIP
WAS TOLD THAT THE PARTY AND GOVERNMENT HAD ALREADY BEGUN
WORKING ON MEANS TO DRAW UP A NEW WAGES AND INCOME POLICY.
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WITH THE ASSISTANCE OF THE UNITED NATIONS DEVELOPMENT PROGRAM,
EXPERTS HAD BEEN ENGAGED TO STUDY THE PROBLEM AND THE
NEW SYSTEM WOULD BE ESTABLISHED "AFTER ALL INTERESTED
PARTIES, INCLUDING THE ZAMBIA CONGRESS OF TRADE UNIONS, HAVE
BEEN FULLY CONSULTED." IN ADDITION, A TEAM FROM THE
INTERNATIONAL LABOR ORGANIZATION WAS SCHEDULED TO ARRIVE IN
ZAMBIA SHORTLY TO AID IN THE STUDY OF THE NATION'S WAGES AND
INCOME POLICY AND TO ESTABLISH AN ACCURATE POVERTY DATUM
LINE. THE GOVERNMENT ASSURED THE ZCTU THAT THE STUDY WOULD
BE EXPEDITED, BUT THAT THE MARCH 15 DATE COULD NOT BE MET
BECAUSE OF THE COMPLEXITY OF THE ISSUE.

6. THE ZCTU APPARENTLY ACCEPTED THE GOVERNMENT PLAN
DURING THE MEETING WHICH WAS DESCRIBED AS "VERY CORDIAL".
PUBLIC COMMENT BY THE UNION LEADERS WAS VERY LIMITED,
HOWEVER, AND THERE ARE INDICATIONS THAT THEY WERE STILL FAR
FROM SATISFIED. NEVERTHELESS, THE ATMOSPHERE OF CONFRONTATION
WAS ABATED AND IT DOES NOT APPEAR THERE WILL BE A
SHOWDOWN IN MARCH.

7. COMMENT: A SIGNIFICANT ASPECT OF THIS LATEST BROUHAHA
BETWEEN THE UNIONS AND THE GOVERNMENT WAS THE PUBLIC ATTITUDE

DISPLAYED BY THE TWO SIDES. THE ZCTU MAINTAINED A CHALLENGING STANCE THROUGHOUT AND CLEARLY SHOWED THAT IT FELT IT WAS SPEAKING FROM A POSITION OF STRENGTH. THE GOVERNMENT, ON THE OTHER HAND, WAS CONCILIATORY IN THE FACE OF THE ULTIMATUM, ALTHOUGH BANDA DID NOTE THAT THE ISSUE COULD HAVE BEEN BROUGHT UP "IN A MORE DIGNIFIED AND RESPECTABLE MANNER THAN THROUGH THE PRESS". THE ZCTU'S DEMAND FELL ON A RECEPTIVE PUBLIC EAR SHORTLY AFTER A BUDGET WAS ANNOUNCED WHICH WILL BE HARD ON THE AVERAGE WORKER. GIVEN THE CURRENT LEVEL OF DIS-SATISFACTION IN THE COUNTRY, OF WHICH THE UNION DEMAND ITSELF IS AN INDICATOR, THE GOVERNMENT APPARENTLY FELT IT HAD LITTLE CHOICE BUT TO AVOID A CONFRONTATION WHICH IT COULD VERY WELL LOSE.

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